Air Force Materiel Command

War-Winning Capabilities … On Time, On Cost

Performance-Based Services Acquisition Aug 04

U.S. AIR FORCE

Becky Gebhard
HQ AFMC/PKV
DSN 986-0358
becky.gebhard@wpafb.af.mil

Integrity - Service - Excellence

Overview

- **PBSA Background**
- **PBSA Explained**
- **Supply vs. Service**
- **Seven Steps**
- **In Addition**

Background

- **Congress, Congress, Congress**
- **FY 03 DoD procurement actions totaled $208.9B**
  - **Supplies $ 90.5B 43.3%**
  - **Services $ 118.4B 56.7%**
- **FY 03 AF procurement actions totaled $55.4B**
  - **Supplies $ 25.6B 47.27%**
  - **Services $ 29.8B 53.73%**
- **IG/AFAA Findings**
- **Service acquisitions are increasing in frequency complexity, and contract value**

Background

- **Dr Gansler (USD/AT&L) letter (5 Apr 00) Performance-Based Services Acquisition (PBSA)**
  - **By the year 2005, at least 50% of service acquisitions**

    are to be Performance-Based
    - **Measured in both dollars AND actions**
  - **Defines FAR 37.6 as the basic Performance-Based Service Acquisition standard**

Background- PBSA Metrics - AFMC

Metric: % of AFMC dollars and actions using Performance Based Services Acquisition

Targets

Blue: > 35%
Green: 30-34%
Yellow: 25 - 29%
Red: < 25%

Status

$'s

Actions

FY 04 29.4%

30.3%

(1st-3rd QTRs)

Method of Data Collection: Review of DD350 system data. The FY04 target scale is based on an interim goal based upon a 20% requirement in 02 and the 50% at the beginning of calendar year 2005. **Note: On 1Oct 04 the goal jumps to 50%.**
Frequency: Quarterly
Based on CBIS data from DD350.

Background – PBSA Metrics by Center

Buying Office	FY04 (1st-3rd qtrs)		
	% $ s	% Actions	
AAC	28.0	16.2	
AEDC	98.9	81.4	
AFFTC	48.8	30.1	
AFRL	28.5	21.3	
ASC	31.4	48.8	
ASC/PKW/O	64.6	65.5	
ESC	31.0	31.5	
MSG	56.5	77.1	
SSG	14.1	15.7	
OC-ALC	05.0	09.4	
OO-ALC	36.1	22.9	
WR-ALC	26.7	27.7	
All AFMC	29.4	30.3	
All AF		42.4	34.5

Background

- **PL 107-107 National Defense Authorization Act (NDAA) (FY 02)**
  - **Section 801 Management of Procurement Services**
    - **Requires PBSA "It shall be an objective of the Dept. of Defense to achieve savings in expenditures for procurements of services through the use of—**
      - **(A) performance-based services contracting;**
      - **(B) appropriate competition for task orders under services contracts; and**
      - **(C) program review, spending analyses, and improved management of services contracts".**
      - **(Note: This is contract assessment, not Contractor assessment)**

Background

- **Establishes extensive tracking of services e.g., type, dollar, contract type, PBSA, competition obtained, non DOD contract. Annual Congressional reporting**
- **Establishes basis for 237.170-2 Prohibition on acquisition of services.**

  Unless approval is obtained in accordance with 237.170-3, do not acquire services through use of a contract or task order that —

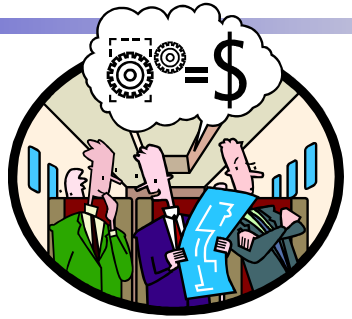
  (a) Is not performance based; or

  (b) Is awarded by an agency other than DoD.

Background

- **Establishes PEO structure**
  - **Mr. Tim Beyland AFPEO/CM**
  - **IOC 04 Feb 02**
  - **Acquisitions over $100M, 300 FTE, special interest, not in another PEOs portfolio**
  - **MOASP**
  - **PBSA**
- **Other PEOs**
  - **MOASP?**
  - **PBSA**
  - **Reporting**

"OK, So why do PBSA?"



It's the law

Encourages Commercial Practices

PBSA

Shifts risk to Contractor

It's Cheaper?

"OK, So what is PBSA?"

It's a philosophy

Here to Stay

It's not a disease

It's a process

PBSA

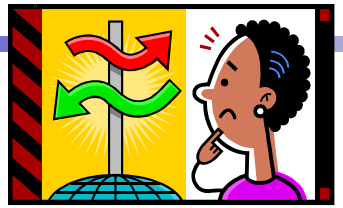
It's a team effort

It's not an SA=essay contest

A thinking exercise

It utilizes the contractor's knowledge

"OK, So what is PBSA?"



Results NOT Process

Performance Plan

Multi-functional teams

Performanc e Standards

PBSA

Measurable Outcomes

It's the law

Remedies/ Incentives

Contract & Contractor Assessment

How do I begin?

SEVEN STEPS TO PERFORMANCE-BASED SERVICES ACQUISITION

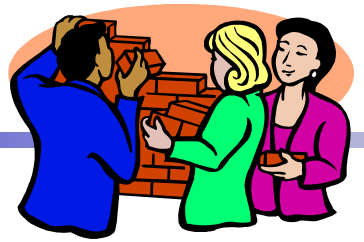
1. Establish the team.
2. Decide what problem needs solving.
3. Examine private-sector and public-sector solutions.
4. Develop a PWS or SOO.
5. Decide how to measure and manage performance.
6. Select the right contractor.
7. Manage performance.

What do I need?
When do I need it?
How do I know if it's good when I get it?

Establish the Team

- **Ensure senior management involvement and support.**
- **Tap multi-disciplinary expe**
- **Define roles and responsib**
- **Develop rules of conduct.**
- **Empower team members.**
- **Identify stakeholders and nurture consensus.**
- **Develop and maintain the knowledge base over the project life.**
- **"Incent" the team**

Why a team?



"Moving toward Performance-Based Competency

The federal acquisition workforce has not, to date, fully embraced performance-based acquisition. There are many reasons, such as workload demands, but more fundamentally, traditional "acquisition think" is entrenched in a workforce of dwindling numbers. The situation is complicated by lack of "push" from the program offices who have the mission needs and who fund the acquisitions... *because there is where the true key to performance-based acquisition lies.* It is not the procurement analyst, the contracting officer, or even the contracting office itself. Performance-based acquisition is a collective responsibility that involves representatives from budget, technical, contracting, logistics, legal, and program offices."

These are acquisition requirements, not contracting!

Seven Steps to Performance-Based Services Acquisition

OFPP

The Multi-functional Team

- **The multi-functional team plans/manages the services contract through life of the requirement (AFI 63-124)**
  - **Strategy development**
  - **Acquisition planning**
  - **Market research**
  - **Requirements and solicitation development**
  - **Source selection**
  - **Contract performance management**

Provides expertise

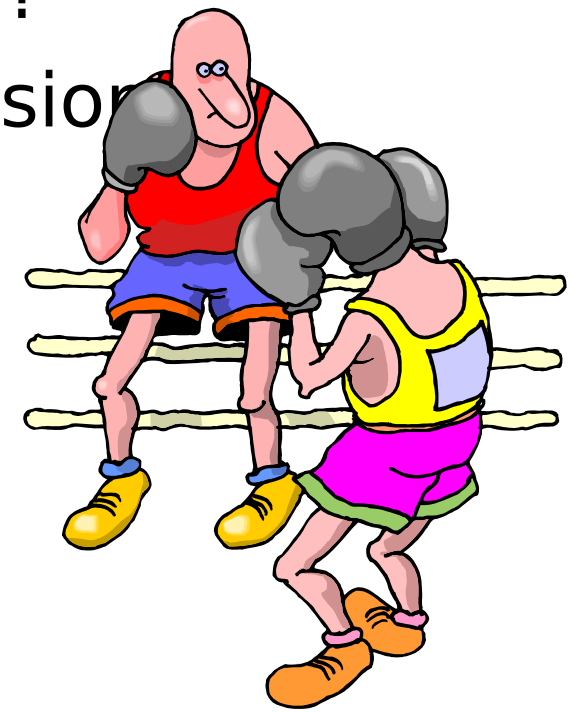
Analyze/Define Requirements

2 Decide what problem needs solving.

- **Link acquisition to mission and performance objectives.**
- **Define (at a high level) desired results.**
- **Decide what constitutes success.**
- **Determine the current level of performance.**

Is it a Service?

- How do I know if I am buying a supply or service?
- Who makes the decision?
- How do I make that decision?
- Why is it important?



Supplies vs. Services

- **Supply:**
  - **“ Property except land or interest in land. It includes [illegible] public works, buildings, and facilities; ships, floating equipment [illegible] vessels of every character, type, and description, together with parts and accessories; aircraft and aircraft parts, accessories, and equipment; machine tools; and the alteration or installation of any of the foregoing." FAR 2.101**
  - **…the alteration or installation of any of the foregoing. This is when the service is incidental to the supply**

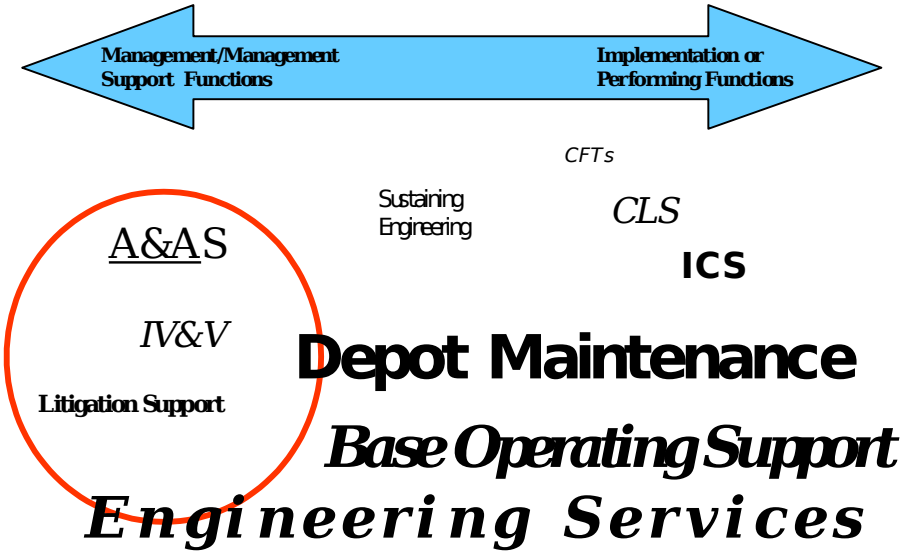
Supplies vs. Services

- **Supply features:**
  - **It is a tangible item - Can be held in-stock**
  - **Can be repaired - Can be bought using a NSN**
  - **Can be maintained - Can be rebuilt**
  - **Can be overhauled - Can be salvaged**
  - **Can be thrown away - Can be depreciated**

The Gov't accepts title

Supplies vs. Services

- **Services Definition:**
  - **A contract that directly engages the time and effort of a contractor whose primary purpose is to perform an identifiable task rather than to furnish an end item of supply. (FAR 37.101)**



Supplies vs. Services

- **Service features:**
  - **We are buying effort/time/knowledge**
  - **The result does not have to be successful**
  - **Contractor is performing an identifiable task**
  - **Can be personal or non-personal**
  - **May be performed on an end item we OWN**
  - **We are buying a solution**
  - **There may not have a tangible end item as a deliverable**
  - **Cannot be ordered by part number**
  - **Cannot be duplicated identically**

Supplies or Services?

- **Is it a supply or service?**
  - **Advisory and Assistance Services (A&AS)**
  - **Studies and Analyses**
  - **R&D**
  - **Installation of computers**
  - **Construction**
  - **Technical Order (TO) Updates**
  - **Architect-Engineering**
  - **Overhaul**
  - **Remanufacturing**
  - **Contractor Logistics Support (CLS)**
  - **Contract Field Teams (CFT)**
  - **Sustaining Engineering**

Services Myths – R&D Contracts

Myth: R&D is not a service.

Fact: There are only two major types of purchase—supplies and services. Research and development is a specialized type of service, just as construction, architect-engineering and contracted logistic support. of services. The Air Force Program Executive Officer for Combat & Mission Support (AFPEO/CM) has stated that R&D contracts more closely resemble services than supplies. We are working to clean up the language in the regulations so that this distinction is clear.

Service Myths -

manufacturing

Myth: Remanufacturing is a supply.

Fact: The regulation says is that when overhaul becomes remanufacturing it is subject to Walsh Healy Public Contracts Act, a different labor law and NOT SCA. It does not say that the classification as a service is changed. NOTE: Repair and maintenance under construction contracts are services and may be subject to the Davis-Bacon

Service Myths – Hybrid ontracts

Myth: If you pay more for supplies than services on a hybrid contract, the contract is a supply contract and vice versa.

Fact: Principal purpose is not determined by price nor percentage of work. It is determined by what the intent of the contract is. The term "intent" is a bit ambiguous—it's not determined by cost or percentage of work. Rather, it is determined by what you most hope to accomplish by the

Service Myths – SCA

Myth: All service contracts are covered by the SCA.

Fact: The Service Contract Act was created to ensure that service employees are paid a fair wage. There are several services that are exempt from SCA, including (but, not limited to) maintenance and repair of certain types of equipment, services provided by professionals, construction, and work done in accordance with the Walsh-Healey Act. "Whether or not the [SCA] applies to a specific service contract will be determined by the definitions and exceptions given in the

Service Myths – Walsh-Healy

Myth: Items covered by Walsh-Healey Labor Law must be supplies

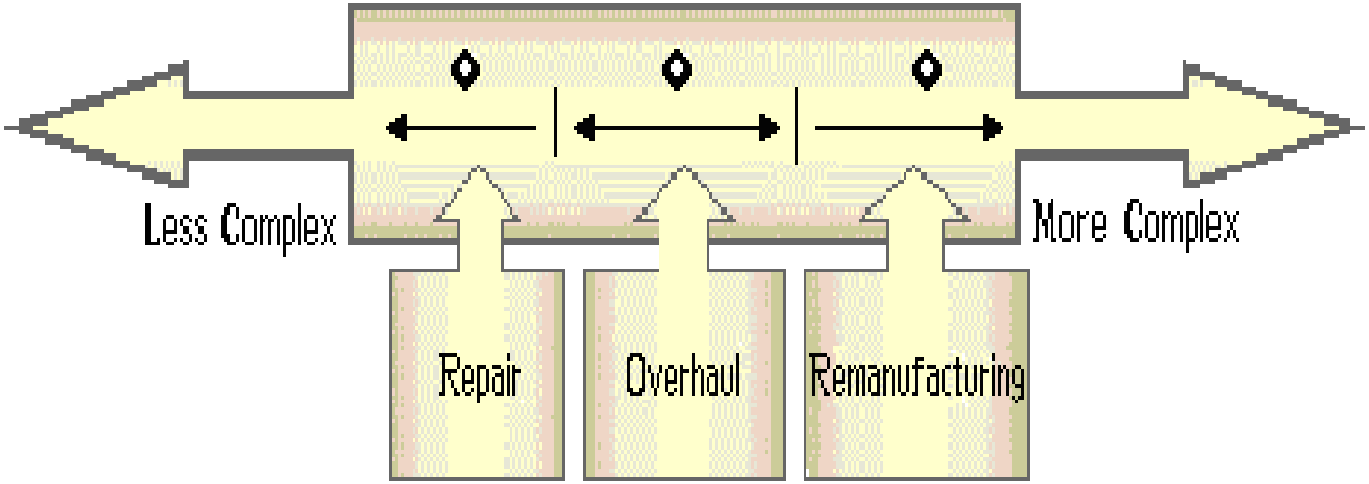
Fact: This statement is not found in the law and has led to the incorrect belief that items/effort covered by Walsh-Healey must be supplies. The law does not exclude materials, supplies, articles or equipment that are manufactured or furnished in the performance of a service contract (i.e., remanufacturing.) *Once again, the inclusion of a labor law does not determine if the contract is for a*

Service Myths – Repair…

Myth:

Repairoverhaulmaintenanceremanufacturing mean the same and are the same process

Fact: Each of these processes has separate processes and criteria. It is a continuum from less complex to



Service Myths – Repair…

…**Repair is the restoration of an item to serviceable condition through correction of a specific failure or unserviceable condition. In other words, repair is fixing a problem so that an item can work again. There are no guarantees about complete serviceability or like-new condition.**

…Overhaul is the restoration of an item to a completely *serviceable* condition as prescribed by *maintenance serviceability standards*. An overhaul will allow the item to be fixed again and again and again, because overhaul is

Service Myths – Repair…

…**Remanufacturing MUST meet the criteria in FAR 22-1003-6(a)(1).**

Once overhaul/modification services become so extensive as to constitute manufacturing, they are called remanufacturing, and are subject to the Walsh-Healy Act.

Usual stumbling block for an effort to qualify as remanufacturing is that the item is "restored to original life expectancy, or nearly so".

Market Research

3 Examine private-sector and public-sector solutions.

“ The ultimate goal of market rese
to help the acquisition team memb
become *informed consumers*.
Information derived from market research will help the acquisition team develop the optimum strateg for meeting the requirement.”

Performance Based Service Acquisition, a DoD Guide

Market Research

- **Take a team approach to market resea**
- **Spend time learning from public-sector counterparts.**
- **Talk to private-sector companies before structuring the acquisition.**
- **Consider one-on-one meetings with industry.**
- **Look for existing contracts.**
- **Document market research.**

ROLES AND RESPONSIBILITIES IN MARKET RESEARCH

"Since market research should address both business and technical considerations of a requirement, it requires the active participation of all acquisition team members as appropriate. These considerations might include technical approaches, common quality controls, contract structure, and standard industry terms and conditions. Therefore, when market research is being conducted, all members of the acquisition team should participate in their particular area of expertise." DoD Guide

Develop a PWS/SOW or SOO

PWS/SOW

(Performance Work Statem

- **Conduct an analysis.**
- **Apply the "so what?" test.**
- **Capture the results of the analysis in a matrix.**
- **Write the performance work statement.**
- **Let the contractor solve the problem, including the lab mix.**

SOO (Statement of Objectives)

- **Begin with the acquisition's "elevator message."**
- **Describe the scope.**
- **Write the performance objectives into the SOO.**
- **Make sure the government and the contractor share objectives.**
- **Identify the constraints.**
- **Develop the background.**

Develop a PWS/SOW or SOO

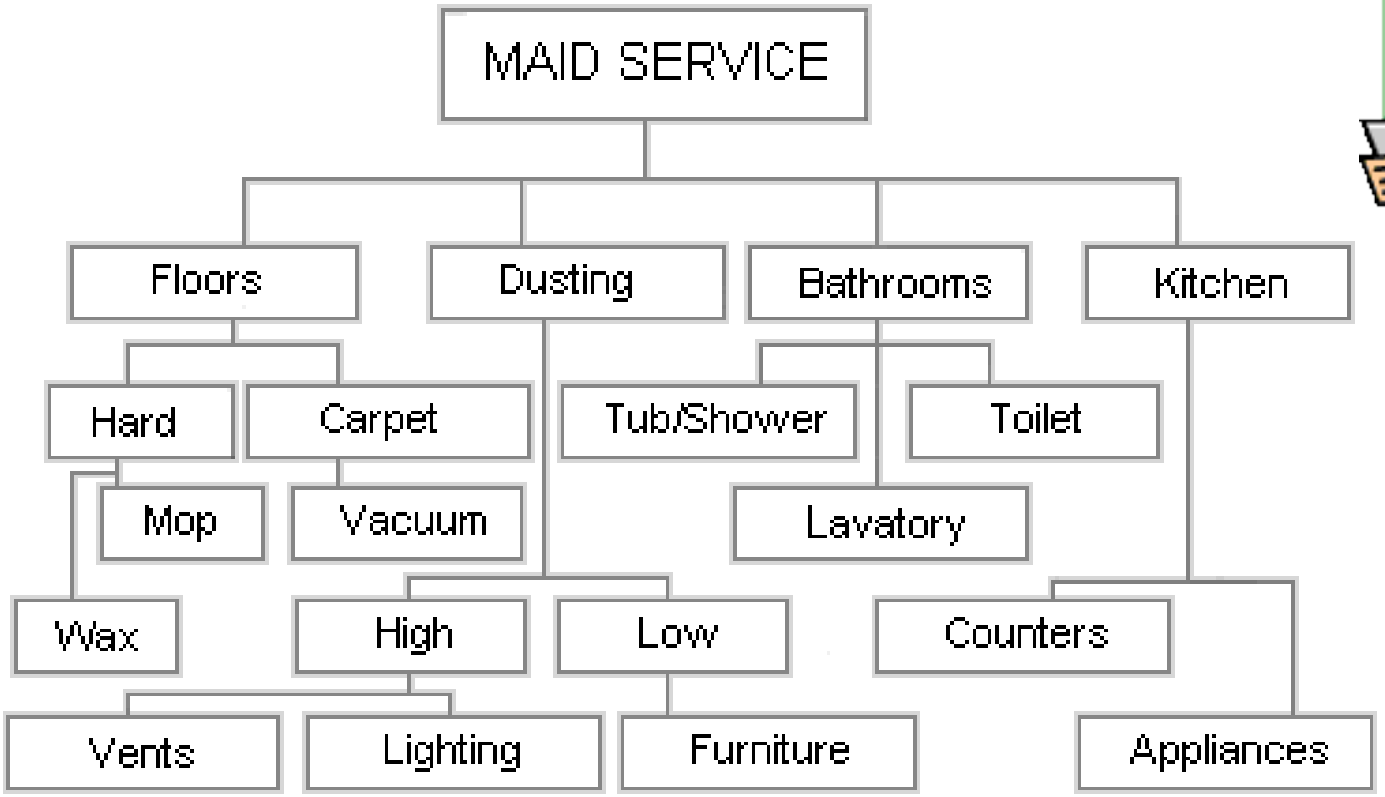
- **Define the desired outcomes:** *What must be accomplished to satisfy the requirement?*
- **Conduct an outcome analysis:** *What tasks must be accomplished to arrive at the desired outcomes?*
- **Conduct a performance analysis:** *When or how will I know that the outcome has been satisfactorily achieved, and how much deviation from the performance standard will I allow the contractor, if any?*

Defining the work
Work Breakdown Structure (WBS).

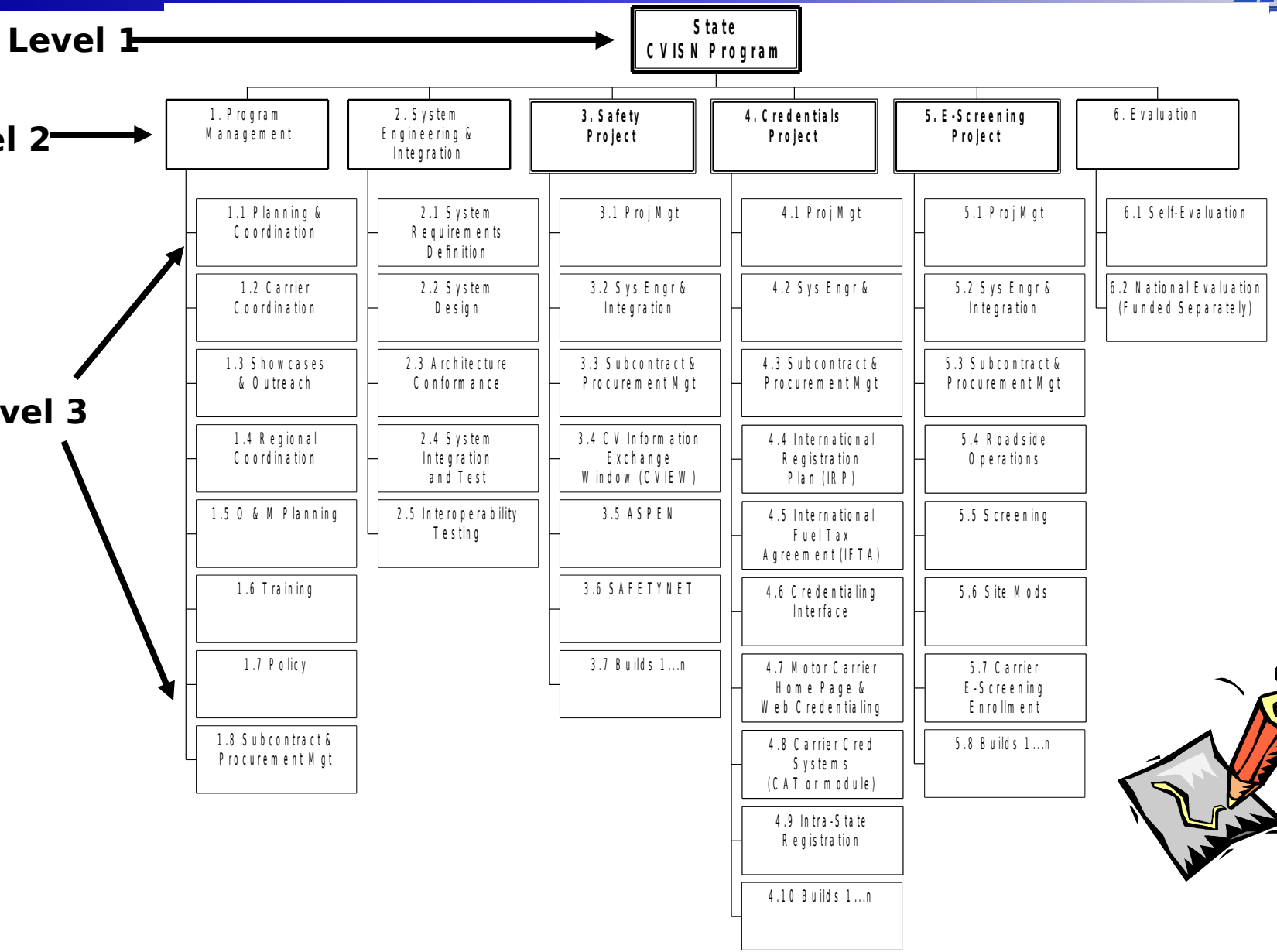
Outputs are clearly identified and can be separated from processes so the focus is on results. The inputs needed to get the job done are equally clear.

This information is great for proposal analysis, conducting a pre-award conference, and identifying Government-Furnished Property.

Develop a PWS/SOW or SOO



Typical WBS for a State CVISN Program



Outcomes

- Requires Performance Based PWS/SOW
  - **Requirements must be outcome based**
  - **Outcomes must be measurable**
  - **Contractor empowered to use best commercial practices and management innovation**

From: Specifying "How To" ***To: Specifyin***

C o n t i n u u m

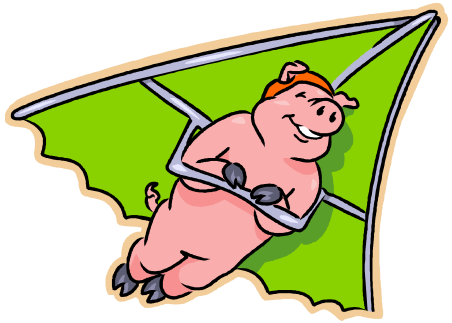
PBSA SOW Examples - Yes, No, Maybe

- Requires Performance Based SOW

3.1 Task 1. MESA/PD model Manager: The contractor shall furnish appropriately skilled labor for the management of the XYZ analytical tool called “The Model for Electronic Support and Attack” (MESA) and “Passive Detection” (PD). Duties include software engineering support (requirements solicitation and analysis, software design and testing, verification/validation), tool deployment support, and end user training/support. In this role the contractor shall make and be expected to make decisions regarding the design and functionality of the MESA and PD models for the government during performance. Deliverables include the following: “Requirements Definition Document” for use in the enhancement/sustainment program (A007)

PBSA SOW Examples - Yes, No, Maybe

- Requires Performance Based SOW



1.2.3.2 Experience. A minimum of six years experience working in fuels is required; three years in base level general fuels, and three years in a fuels managerial capacity. The contract manager shall have attended either the Fuels Mgt. Officer Course (C30ZR6421-000), or the Petroleum Logistics Mgt. Course (J3AZR2F091-001) or their commercial equivalents. If it is determined that school attendance would be of minimum benefit a waiver may be granted by the CO after coordination with the Functional Director (FD) and Quality Assurance Personnel (QAP).3.1

XXX The contractor shall have graduated from Harvard with a BS in Fuels Management.

PBSA SOW Examples - Yes, No, Maybe

- Requires Performance Based SOW

2.1.3 Follow fuels safety guidelines IAW AFI 23-201. The service provider is solely responsible for compliance with OSHA standards and protection of service provider employees IAW AFI 91-301. See Section 1, for Safety Plan requirements.

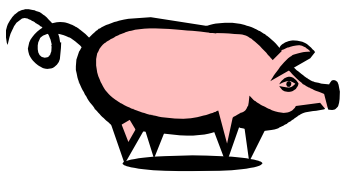
3.3.3 Requisition base procured investment equipment items after approval by the Resource Allocation Integrated Product Team and receipt of 3080 funds from MAJCOM IAW AFMAN 23-110, V2, PT2, Chapters 9 and 29.

3.3.4 Utilize the windows MICAP (Mission Capable) Asset Sourcing System to obtain lateral support for expedite requirements when necessary to meet customer demands only when zero balance at the depot IAW AFMAN 23-110, V2, PT9 and V2, PT2, Chapters [illegible].

3.3.5 Process local manufacture requisitions IAW AFMAN 23-110, V2, PT2, Chapter 9.

PBSA SOW Examples - Yes, No, Maybe

- Requires Performance Based SOW



Preservation is accomplished only if required by technical orders listed below and only if directed by the ACO:
Accomplish engine preservation in accordance with TO 1C-130B/H-2-4 or 1C-130(H)H-2-2 and 1C-130H-2-00GE-00-1.
Remove aircraft storage battery and SCNS battery if installed, store, and maintain as directed in TO 8D2-1-31 or TO 8D2-3-1.
Treat the aircraft as directed in TOs 1-1-17 and 1C-130A-17 when storage

PBSA SOW Examples - Yes, No, Maybe

- Requires Performance Based SOW

1.2.5.1. Process all requests for supplies and equipment and establish suspense control for requests IAW AFMCI 23-201, Chap 3. Date/time stamp all requests, perform quality control, verify request's validity, make sure the request has been reviewed, approved, and signed by the appropriate individuals in the requisitioning organization, and verify that a valid job order number (JON) is identified. Obtain additional information or resolve discrepancies if necessary or return the request to the initiator for additional information. If all information is correct, establish suspense control for the request and process IAW AFMCI 23-201, Chapter 3.

3.3.8 Process requisitions to satisfy emergency walk through requests for local purchase items IAW AFMAN 23-110, V2, PT2, Chapter 9.

3.3.9 Process and validate the Local Purchase MILSTRIP Research and Follow-up List (M37) IAW AFMAN 23-110, V2, PT2, Chapter 9 and AFM 177-206, Section 32.

PBSA SOW Examples - Yes, No, Maybe

- Requires Performance Based SOW

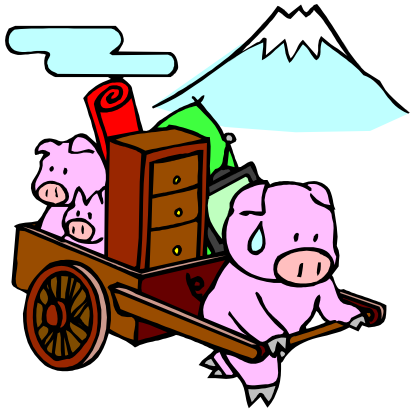
CONSERVATION OF UTILITIES. The service provider shall instruct employees in utility conservation practices. The service provider shall be responsible for operating under conditions that prevent the waste of utilities, which shall include the following:

1.7.1. Lights shall be used only in areas where and when work is actually being performed.

1.7.2. Mechanical equipment controls for heating, ventilation, and air conditioning systems shall not be adjusted by the service provider or by service provider employees unless authorized.

PBSA SOW Examples - Yes, No, Maybe

- Requires Performance Based SOO



Technical Objectives:

Provide robust IT infrastructure services for all operations, logistics and maintenance functions.

Provide system and network administration for all systems and applications located on the LANs.

Implement a single help desk/service center capability to coordinate all maintenance issues with all customers.

Implement life cycle management processes.

Implement system's engineering processes consistent with industry standards

Develop all IT infrastructure technical solutions, brief government program manager for approval, and implement solutions per approved parameters for cost, schedule and performance.

PBSA SOW Examples - Yes, No, Maybe

- Requires Performance Based SOO

PROGRAM OBJECTIVE

The objective of the MA Augmentee Program is for the offeror to provide supplemental on-site Organizational, Intermediate, and Depot level maintenance support on an as-needed basis for modification, maintenance, and repair of various DoD weapons systems and associated support equipment.

3.1 Contract Objectives:

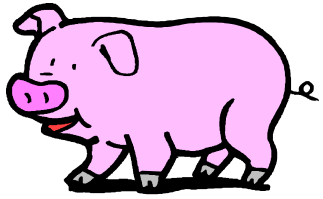
3.1.1 Establish a program management system that provides the Government complete visibility and insight into the manpower support program costs, status, and performance.

3.1.2 Accommodate rapid response and deploy as required in an orderly and timely manner.

3.1.3 Develop an approach that addresses recruiting/hiring skilled personnel with a time-phased buildup of maintenance and management

PBSA SOW Examples - Yes, No, Maybe

- Requires Performance Based SOW



1.0 Monitoring Software Systems: The Contractor shall: Provide minimal surveillance for Contract Profit Reporting and ConConnect.

1.1 Contract Profit Reporting: The contractor shall: Provide support of a production contract profit reporting application (J010R) accessible through a commercial web browser (Internet Explorer). It uses an Oracle Data Base. The functionality shall include but is not limited to the following:

Ad hoc report generation from consolidated database to support our Customers.

Maintain the Production Web Application, responding to problems and Deficiency Reports (DRs).

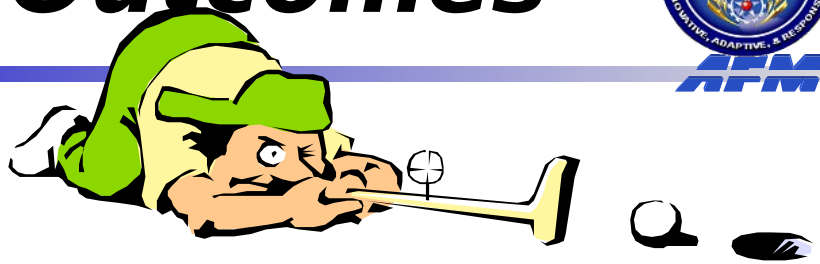
Implement all enhancements that comply with Full Certification & Accreditation (C&A) and Command, Control, Computer, Communications

Measure and Manage Performance

5. Decide how to measure and manage performance.

- Review the success determinants.
- Rely on commercial quality standards.
- Have the contractor propose the metrics and the quality assurance plan.
- Select only a few meaningful measures on which to judge success.
- Include contractual language for negotiated changes to the metrics and measures.
- Apply the contract-type order of precedence carefully.
- Use incentive-type contracts.

Measurable Outcomes



- Measurable Outcomes
  SOW Para 1.1
  - Ad hoc report generation from consolidated database to support our Customers.
  - Maintain the Production Web Application, responding to problems and Deficiency Reports (DRs).
  - Implement all enhancements that comply with Full Certification & Accreditation (C&A) and Command, Control, Computer, Communications Information System Process (C4ISP).
- What is important in each of these requirements to you?
  - Timeliness, Accuracy, Cost, Customer interaction, “down time for the system/application”

Performance Standards Acceptable Quality Level (AQL)

- What is important in each of these requirements
  - Timeliness, Accuracy, Cost, Customer interaction, "down time for the system/application"
  - How will I determine if the contractor is performing?

- Para 1.1 Ad hoc report generation from consolidated database to support our Customers.

Performance Objective	SOW Para.	Performance Threshold	Method of Surveillance
Ad hoc report generation from consolidated database to support our Customers	1.1	95% all reports are generated within three days Timeliness	Valid Customer Complaints for the reporting period

Performance Standards Acceptable Quality Level (AQL)

- What is important in each of these requirements to you?
  - Timeliness, Accuracy, Cost, Customer interaction, "down time for the system/application"
  - How will I determine if the contractor is performing?

Performance Objective	SOW Para.	Performance Threshold	Method of Surveillance
Ad hoc report generation from consolidated database to support our Customers	1.1	95% all reports are generated without errors	Valid Customer Complaints for the reporting period

Para 1.1 Ad hoc report generation from consolidated database to support our Customers.

Accuracy

Performance Standards Acceptable Quality Level (AQL)

- What haven't I missed?

Performance Objective	SOW Para	Performance Threshold	Method of Surveillance
Ad hoc report generation from consolidated database to support our Customers	1.1	95% all reports are generated within three days Timeliness	Valid Customer Complaints for the reporting period
Ad hoc report generation from consolidated database to support our Customers	1.1	95% all reports are generated without errors Accuracy	Valid Customer Complaints for the reporting period

Performance Standards

Acceptable Quality Level (AQL)

- What is the acceptable quality?
- What is the criticality?

Performance Objective	SOW Para	Performance Threshold	Method of Surveillance
Maintain the Production Web Application, responding to problems and Deficiency Reports (DRs).	1.1		

Contractor Assessment

- **Tailor level of assessment to type and size of contract, kind of service, and contractor's own quality control plan**
  - **Timeliness of surveillance**
  - **Method consistent with established guidelines**
  - **Surveillance folders up to date**
- **Methods of assessment**
  - **Trend Analysis**
  - **Periodic surveillance/inspection**
  - **Random sampling**
  - **Valid customer complaints and/or fee**

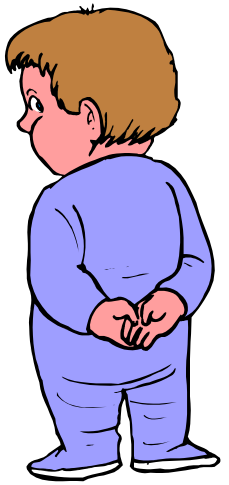
Contractor Assessment

- **Methods of assessment (cont)**
  - **Third party audits/assessments**
  - **100% inspection/surveillance**

Remedies

- **Negative Incentives/Remedy** **MANDATORY**
  - **Re-performance is preferred over fee/price reductions**
  - **Procedures for reduction of fee/price required (minimally satisfied by an inspection of services or commercial inspection clauses)**
  - **Past performance "report cards" should reflect actual performance and be used for future evaluations for award**
  - **Increased Surveillance**
  - **CPAR statements**

One size doesn't fit all!!



Remedies

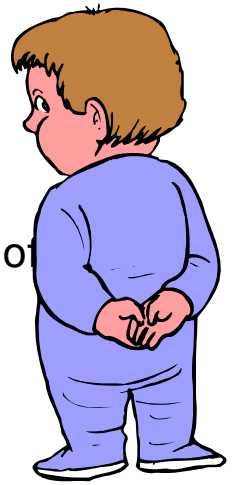
- **For services surveilled by random sampling:**
- **Assume a performance requirement of 3, a corresponding sample size of 25 from Technical Exhibit 7, a lot size of 500 units, and that 10 defectives were found by the Contract Administrator. The payment computation would be as follows:**
- **Maximum contract line item payment per month $10,000**
- **Maximum payment percentage for the service x 5%**
- **(Column 5, PRS)**
- **Maximum payment for acceptable services $500**
- **Percentage of sample found unacceptable 40%**

(10/25, or defectives divided by sample size times 100)

- **Percentage of sample found acceptable (100% - Line 4) 60%**
- **Payment for percentage of acceptable services $300**

(Line 3 times Line 5)

- The taking of deductions shall not be deemed to waive or limit any right of government under the clause entitled “Default.”



Incentives

- **Positive Incentives** as applicable

  Don’t have to be monetary

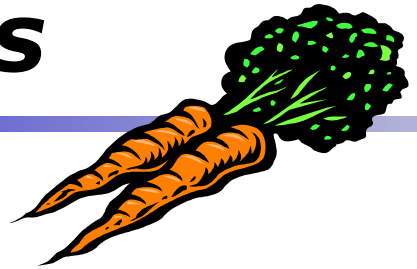
  - Consider Award Fee and Award Term incentives
  - Exercising of options
  - Reduced surveillance
  - Performance incentive (Bonus on a FFP cor
  - Past performance “report cards” should reflect actual performance and be used for future evaluations for award
  - Newspaper article on merits of contractor
  - Participation in enterprise type meetings

Incentives

- **Positive Incentives (Con't)**
  - Strategic supplier alliances
  - Performance-based payments
  - Schedule incentives
  - Agency "supplier of the year" award programs
  - Competitive considerations
  - Share-in-share savings strategies
  - Letters of Commendation

One size doesn't fit all!!

Incentives



- **Positive Incentive Tips**
  - Will enhanced performance provide additional value to the mission?
  - Which areas of the requirement would benefit most from enhanced performance? Which areas do not need added incentives?
  - How much is the agency willing to pay to achieve a level of performance beyond the performance standard? Is there a potential for using cost sharing?
  - Do contractors within a particular industry prefer additional performance periods (award terms) in lieu of monetary incentives (award fees)?
  - Is the incentive affordable? Will it affect timelines or schedules in a positive way? Adversely?

Select the Right Contractor

- Compete the solution.
- Use down selection and “due diligence”.
- Emphasize past performance in evaluation.
- Use best-value evaluation and source selection.
- Assess solutions for issues of conflict of interest.

Manage Performance

- Keep the team together
- Adjust roles and responsibilities
- Assign accountability for managing contract perfor
- Add the contractor to the team at a formal “kick-off
- Regularly review performance in a Contract Perform Improvement Working Group.
- Ask the right questions

Important Extras

- **Governing regulations**
  - AFI 63-124 PBSA
    - 01April 99
    - 09 Feb 04
    - 11 Feb/Oct 04?
  - AFI 63-125 Quality
  - DoDI 3020-37 Mission Essential Services
- **Documents**
  - Old Awards: SOW, SDS, BRAG, QASP, Contractor Surveillance
  - New awards: SOW, SDS, Multi-functional team, QASP/Performance Plan, Contractor Assessment, AFI/Regs
- **Proper Coding**

In Addition

- Performance Plan
  - Purpose: Better oversight of Services Aqcs
  - Definition: Performance Plan – "Prescribes th objective in having the services, the goals of the multi-functional team, team members and their roles and responsibilities (to include the contractor performing the service), and how the multi-functional team will assess contractor performance and manage the contract to obtain efficiencies, improved performance, and cost savings throughout its life cycle." AFI 63-124
  - 2 parts - Contract Mgt/Assessment

    How do you know your contract is successful?

    - Contractor Mgt/Assessment (aka QASP)

    How do you know your contractor is successful?

In Addition

- AFI 63-124 Requirement to be managed upon contract award (i.e., para **1.2.5.10.**) signed by members of the multi-functional team that identifies the following:

  1.1.4.1. The objective in having the service provided, i.e., to provide quality housing maintenance to military members.

  1.1.4.2. The results the multi-functional team is striving to achieve in managing the acquisition, i.e., cost savings, efficiencies, improved customer service.

  1.1.4.3. The multi-functional team members, and how roles and responsibilities are distributed among team members.

  1.1.4.4. The approach, methods and tools the multi-functional team will use to assess the contractor's.

  1.1.4.5. The approach, methods and tools the multi-functional team will use to manage the acquisition upon award.

  1.1.5. The metrics used to track contractor progress to meet stated performance objectives.

  1.2.5.10. Outline how the team will manage the contract upon award IAW paras **1.1.4.1.**,**1.1.4.2.**, **1.1.4.3.**, and **1.1.4.5.**

In Addition

1.2.6. Contracting Squadron Commanders, Chiefs of the Contracting Offices,

Developing a Government QASP that specifies how inspection and acceptance of services is to occur. This plan, tailored to the individual requirement, is put in writing for each delete blank spaces contract. The complexity of the plan should match the characteristics of the services. For example, a plan for a simple commercial service is generally less complex than one for a base operating support contract. Use documentation to capture past performance information.

A performance plan (IAW **1.1.4.**) may be used in lieu of a QASP.

Draft Guidelines, partially complete per Betsy Matich SAF/AQCP

CONTRACT MANAGEMENT:

What is a Performance Plan

- Delegating Contract Administration IAW AFI 63-124
- What is the Multi-functional teams role
- What the Performance Plan should include:
- Identify team members
- Distribution of roles and responsibilities among team members

DRAFT

In Addition

• Labor constraints identified, and tracking process

Transition

• Contractor in full operation of the service.

• Key personnel on-board. Contract fully staffed, correct skill mix, training scheduled. Correction Plan required.

• Transition Assessment: Transition within estimated budget. Transition period extended? Cost overruns, and overtime authorized.

• Transition IAW contractor's proposal. Positive or negative variations in cost, scheduled and/or significant performance metrics identified. Corrective action reports associated with negative variations.

• Labor constraints mitigated.

• AF and contractor agree on submittals, performance measurements, metrics, critical objectives. Approvals documented.

• Compare/review contractor internal assessments, the way ahead, unforeseen challenges, unresolved issues, etc.

• Readiness review assessment necessary/completed. Positive or negative variations in cost, schedule or significant metrics identified. Corrective action reports required with negative variations.

• GFP identified/transferred/inventoried.

• Transition lessons learned and best practices identified and documented. Corrective actions/plans identified, and tracking process.

DRAFT

In Addition

• Labor constraints identified, and tracking process

Transition

• Contractor in full operation of the service.

• Key personnel on-board. Contract fully staffed, correct skill mix, training scheduled. Correction Plan required.

• Transition Assessment: Transition within estimated budget. Transition period extended? Cost overruns, and overtime authorized.

• Transition IAW contractor's proposal. Positive or negative variations in cost, scheduled and/or significant performance metrics identified. Corrective action reports associated with negative variations.

• Labor constraints mitigated.

• AF and contractor agree on submittals, performance measurements, metrics, critical objectives. Approvals documented.

• Compare/review contractor internal assessments, the way ahead, unforeseen challenges, unresolved issues, etc.

• Readiness review assessment necessary/completed. Positive or negative variations in cost, schedule or significant metrics identified. Corrective action reports required with negative variations.

• GFP identified/transferred/inventoried.

• Transition lessons learned and best practices identified and documented. Corrective actions/plans identified, and tracking process.

DRAFT

For Additional Help

- **AQCP Tool KIT , Chapter 37, PBSA Center**
  http://www.safaq.hq.af.mil/contracting/affars/5337/library-5337-pbsa.html
- **AFMC/PKV Home page**
  https://www.afmc-mil.wpafb.af.mil/HQ-AFMC/PK/pkv/index.htm
- **AcqReform OFPP**
  http://www.arnet.gov/Library/OFPP/BestPractices/pbsc/home.html
- **Air Force Civil Engineering Support Agency**
  http://www.afcesa.af.mil/CEO/
- **AETC, Seven Steps**
  https://www.aetc.af.mil/lg/lgc/PBSA.htm
- **Know Net, The Acquisition Superstore, PBSA**
  http://www.knownet.hhs.gov/acquisition/performDR/
- **PBSA Special Interest Group, PBSA Manual**
  http://www.knownet.hhs.gov/acquisition/performDR/

For Additional Help

- **NASA**

http://ec.msfc.nasa.gov/hq/library/perfba.htm

- **Defense Procurement and Acq Policy**

http://ec.msfc.nasa.gov/hq/library/perfba.htm

- **GOOGLE**

http://www.google.com/

Summary

- **Explained PBSA**
- **Provided Examples**
- **Explained Issues**
- **Gave Suggestions**

Questions 1

(1) When calling out/referencing standards and specifications, isn't it the government's responsibility to call out the most recent reversion of that document in lieu of listing the document and putting "most recent version" in parentheses?
Not a PBSA question. The answer is located at FAR 11.201 (a)
(2) What about the need to call out "1423s" in Performance-Based requirements documents. According to an instructor in a PBSA course, there's no need to use 1423 to receive data (ie, software documentation).
The use of “1423s” is called out many times in the DFARS and is required. PBSA does not limit CDRL use.
Do all CDRLs go in the SDS? NO, I wouldn’t recommend putting any CDRL requirement as a measurable outcome.
(3) Does PBSA apply to FMS acquisitions? YES

Questions 1

(4) The collection of metrics for PBSA? They are required IAW AFI 63-124.

(5) PBSA for repair YES

(6) Use of incentives for PBSA (See UCI Checklist question 44 "If no incentives have been included, has the PCO documented why this is the case?) UCI question #44: Does the file document that the Business Requirements Advisory Group (BRAG) and/or multi-functional team considered positive performance incentives to the maximum extent possible? [AFI 63-124, paragraph 2.1.1.3, FAR 37.602-4] If no incentives have been included, has the Procuring Contracting Officer documented why this is the case? To show that the team did look at incentives

Questions 1

(7) Does the contracting officer/PM obtain DO approval of both the solicitation (RFP) prior to release and also have to approve the contract prior to signature? Before Award Yes to both Policy seems to indicate that but that's a time issue with the DO. Does the DO need to approve all PRs indicating his approval of the PBS, Perf Plan? No for Perf Plan, yes for any action not PBSA and leaving DOD. Where that approval is documented is a center decision. Remember the threshold for AFMC is $5M, and DO choice belongs to the centers below $100M.
(8) Other than the DD350 reporting, what reporting is expected from the DO and to whom annually? It depends. MIPRS remain an issue. Does the performance tracking stop with the DO? No
(9) Who is responsible for calling the MFT together? Ultimately it is the CO's responsibility but others can do it. Locally it is recommeded that the PM do this. Remember it is the Wing Commander's responsibility to form the team.
(10) What makes an acquisition PBSA? A service over 100K, not exempted What is mandatory to be PBSA? Meeting the intent of

Questions 1

(11) In a recent PBSA class, 3 types of specifications were discussed - performance, design or functional. Can you combine these and still be PBSA? Yes if you meet the intent of PBSA
(12) When are we required to develop an Independent Government Estimate? See FAR, chapter 46 and others. If this is required for all PBSA, is this the PR estimate? This is not a requirement for PBSA. Can D200 data be used for repair? Yes.
(13) Does every paragraph of the PWS have to be covered in the SDS? NO
(14) One of the exemptions for PBSA found in FAR 37.102(a)(1)(iv) is "Services that are incidental to supply purchases." How should the term "incidental" be defined and applied? Example computer installation, training
(15) AFI 63-125 (Draft) Parts to be included within AFI 63-501 instead of separate regulation

Questions